



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL HERITAGE COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the National Heritage Council for the financial year ended 31 March 2010, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Council in terms of Section 23(1)(b)(ii) of the National Heritage Act, 2004 (Act 27 of 2004) to be laid upon the Table of the National Assembly by the Minister of Youth, National Service, Sport and Culture in terms of Section 23(2) of the Act.

WINDHOEK, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT of the AUDITOR-GENERAL
on the ACCOUNTS of the NATIONAL HERITAGE COUNCIL
for the financial year ended 31 MARCH 2010**

1. INTRODUCTION

The accounts of the National Heritage Council for the year ended 31 March 2010 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the National Heritage Act, 2004 (Act No. 27 of 2004).

The objective of the Council is to identify, conserve, protect and manage places and objects of heritage significance.

Figures in this report are rounded off to the nearest Namibia Dollar.

2. FINANCIAL STATEMENTS

The financial statements were compiled by Acsec Accounting Services CC and are filed in the Office of the Auditor-General. The following annexures are attached to this report:

- Annexure A: Balance sheet
- Annexure B: Income and expenditure statement
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements
- Annexure E: Detailed income and expenditure statement

3. SCOPE OF THE AUDIT

The Accounting Officer of the Council is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included -

- (a) examination, on a test basis, of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed, and
- (c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that -

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 REVENUE

4.2.1 Entrance fees

During the audit, the auditors found money to the value of N\$ 1 125 attached to the receipts that was not deposited in 2009. The money was only deposited on request by the auditors during the audit.

It was also found that cashiers at Heroes' Acre alter amounts on the receipts or use correction fluid to change figures that appear on the receipts.

It is recommended that the Council should ensure that money received is reconciled with the receipts and the actual money deposited to avoid having money in their position without noticing it.

Furthermore the Council should ensure that the correct procedures are followed whenever corrections are made on any face value documents as contemplated in the Financial Policies and Procedures manual.

4.2 ASSETS

4.2.1 Current assets (Cash and cash equivalents)

A difference of N\$ 189 085 was found between the bank reconciliation and the financial statement, resulting in annual financial statement been overstated. It was further noted that there are stale cheques to the value of N\$ 54 548 that were not written back, which resulted in expenses being overstated.

The Council is recommended to ensure that the reconciled bank balance agrees to the figure disclosed in the Annual Financial Statements.

The Council is further recommended to write back all stale cheques on time to avoid the expenses been overstated.

4.2.2 Fixed assets

The Council does not have a fixed asset register in place which is also not required by the Financial Policies and Procedure manual. The auditors were thus unable to confirm the existence and the correctness of the value of the assets disclosed in the financial statements.

It is recommended that the Council should implement a fixed assets register to have control over fixed assets. The Financial Policies and Procedure manual should be amended accordingly.

4.3 SEGREGATION OF DUTIES

Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

4.4 IMPROPER FILING SYSTEM

The auditors found that filing system of the receipts is not properly done and this made it official for the staff members to obtain the documents when requested.

It is recommended that all documents be properly filed and safe guarded as required by the Financial Policies and Procedure manual.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Council during the audit is appreciated.

6. AUDIT OPINION

The accounts of the National Heritage Council for the financial year ended 31 March 2010, were audited by me in terms of Section 27 of the National Heritage Act, 2004 read with section 25 (1)(b) of the State Finance Act, 1991 .

I certify, that in my opinion, the financial statements fairly reflect the transactions and the financial position of the Council for the financial years ended 31 March 2010 and in all material respects the income and expenditure have been applied for the purposes intended and conform to the authorities that govern them.

WINDHOEK, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NATIONAL HERITAGE COUNCIL
BALANCE SHEET AS AT 31 MARCH

	Notes	2010	2009
		N\$	N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	401 664	360 933
Current assets			
Prepayments		-	1 049 166
Cash and cash equivalents	3	2 837 580	4 523 897
Total assets		3 239 244	5 933 996
CAPITAL, RESERVES AND LIABILITIES			
Funds			
Accumulated surplus		2 438 788	4 668 053
Capital projects	4	686 658	793 251
Current liabilities			
Accounts payable – National Heritage Council		113 798	4 602
Accrued expenses		-	166 550
Bank overdrafts	3	-	301 540
TOTAL EQUITY AND LIABILITIES		3 239 244	5 933 996

NATIONAL HERITAGE COUNCIL

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	<u>Notes</u>	<u>2010</u> N\$	<u>2009</u> N\$
Revenue		5 775 399	6 558 707
Other operating income		772	-
Total income		5 776 171	6 558 707
Operating expenses		(8 123 016)	(6 364 705)
Operating (deficit)/surplus		(2 346 845)	194 002
Interest received	6	117 579	426 717
Net (deficit)/surplus for the year		(2 229 266)	620 719
Accumulated surplus at beginning of the year		4 668 054	4 047 334
Accumulated surplus at the end of the year		2 438 788	4 668 053

NATIONAL HERITAGE COUNCIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
OPERATING ACTIVITIES			
Cash received from grants and entrance fees		5 776 171	6 558 707
Cash paid to suppliers and employees		7 074 644	7 359 993
Cash (utilised by)/generated from operations	7	(1 298 473)	(801 286)
Investment income		117 579	426 717
Finance cost		-	(44)
Cash (outflow)/inflow from operating activities		<u>(1 180 894)</u>	<u>(374 612)</u>
INVESTING ACTIVITIES			
Acquisitions of fixed assets		(97 291)	(23 649)
Cash outflow from investing activities		<u>(97 291)</u>	<u>(23 649)</u>
FINANCING ACTIVITIES			
Decrease in funds for capital projects		(106 593)	(1 260 483)
Net cash (outflow) from financing activities		<u>(106 593)</u>	<u>(1 260 483)</u>
Net (decrease)/increase in cash and cash equivalents		(1 384 778)	(1 658 744)
Net cash and cash equivalents at the beginning of year	3	<u>4 222 357</u>	<u>5 881 101</u>
Net cash and cash equivalents at the end of year	3	<u>2 837 579</u>	<u>4 222 357</u>

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICY

The annual financial statements of the Council are prepared in accordance with the historical cost convention, modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies set out below are consistent with those applied in the previous year and comply with Namibian Statements of Generally Accepted Accounting Practices.

1.1 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated on the straight-line basis at rates appropriate to reduce it over its anticipated useful lives as follows:

- Camping equipment	20%
- Furniture and Fittings	15%
- Library books	20%
- Office equipment	20%
- Computer equipment	20%
- Tools	10%

Land and Building are stated at revalued amount and is not depreciated.

1.2 Income / Revenue

Revenue comprises of grants received from the Government of Namibia, donations, entrance fees and interest received.

1.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

1.4 Financial instruments

Financial instruments carried on the balance sheet date include cash and bank balances, receivables, trade creditors, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each other.

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 MARCH

2. PROPERTY, PLANT AND EQUIPMENT

<u>2010</u>	Land & buildings N\$	Camping equipment N\$	Office equipment N\$	Tools & equipment N\$	Computer equipment N\$	Total N\$
Carrying amount 01 04 2009	217 134	1 555	67 080	21 677	53 487	360 933
At cost	217 134	22 764	237 304	54 261	264 368	795 831
Accumulated depreciation	-	(21 209)	(170 224)	(32 584)	(210 881)	(434 898)
Additions	-	-	65 159	970	31 161	97 290
Current year charge	-	(1 366)	(30 536)	(9 224)	(5 4333)	(56 559)
Carrying amount 31 3 2010	217 134	189	101 703	13 423	69 215	401 664
At cost	217 134	22 764	302 463	55 231	295 529	893 121
Accumulated depreciation	-	(22 575)	(200 760)	(41 808)	(226 314)	(491 457)
<u>2009</u>	Land & buildings N\$	Camping equipment N\$	Office equipment N\$	Tools & equipment N\$	Computer equipment N\$	Total N\$
Carrying amount 01 04 2008	217 134	2 921	83 156	30 756	53 441	387 408
At cost	217 134	22 764	227 364	54 261	250 659	772 182
Accumulated depreciation	-	(19 843)	(144 208)	(23 505)	(197 218)	(384 774)
Additions	-	-	9 940	-	13 709	23 649
Current year charge	-	(1 366)	(26 016)	(9 079)	(13 663)	(50 124)
Carrying amount 31 3 2009	217 134	1 555	67 080	21 677	53 487	360 933
At cost	217 134	22 764	237 304	54 261	264 368	795 831
Accumulated depreciation	-	(21 209)	(170 224)	(32 584)	(210 881)	(434 898)

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 MARCH

	2010	2009
	N\$	N\$
3. CASH AND CASH EQUIVALENTS		
Nedbank Namibia Limited - Current account	295 727	-
Nedbank Namibia Limited - Investment account	328 232	4 180 278
Standard Bank Namibia Limited – Current account	-	271 958
Standard Bank Namibia Limited – Call account	2 204 927	67 502
Petty Cash	8 695	4 159
Standard Bank Namibia Limited – Notice Deposit account	-	-
Cash and cash equivalents	<u>2 837 580</u>	<u>4 523 897</u>
Nedbank Namibia Limited – bank overdraft	-	(301 540)
	<u>2 837 580</u>	<u>4 222 357</u>
4. CAPITAL PROJECTS		
Eenhana Capital Project	(22 538)	62 781
Cost of new Monuments and statues	586 018	586 018
Unveiling of Statues	49 861	49 861
Inauguration of Omugulugombashe	1 017	1 017
Maintenance and Restoration	71 735	93 010
Minor Works	3 125	3 125
Emblems, signs & road signs	(2 560)	(2 560)
	<u>686 658</u>	<u>793 252</u>
5. STAFF COST		
Salaries, wages and benefits	3 067 314	2 360 491
Staff training	259 193	98 177
	<u>3 326 507</u>	<u>2 458 668</u>
6. INTEREST INCOME		
Interest received - banks	<u>117 579</u>	<u>426 717</u>

NATIONAL HERITAGE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH

	2010	2009
	N\$	N\$
7. CASH FLOW STATEMENT		
Reconciliation of surplus of cash utilised by operations:		
Net surplus for the year	(2 229 266)	620 719
Adjustment for:		
Depreciation	56 559	50 124
Interest received	(117 579)	(426 717)
Finance charges	-	44
Operating capital before working capital changes	(2 290 286)	244 170
Working capital changes:		
Increase/(decrease) in accounts payable	(57 353)	3 710
(Increase)/decrease in accounts receivable	1 049 166	(1 049 166)
	(1 298 473)	(801 286)

NATIONAL HERITAGE COUNCIL

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	2010	2009
	N\$	N\$
REVENUE	5 775 399	6 558 707
Grant income	2 440 000	2 417 991
Hoba Kiosk Grootfontein	3 600	-
Heroes Acre	101 075	78 714
Petrified forest	912 470	900 405
Twyfelfontein	1 869 620	1 651 090
Brandberg	297 315	262 275
Heroes Acre – Rental	54 000	-
Kiosk rental-Twyfelfontein	12 000	-
Eenhana SHRINE – Funds received	85 319	1 248 232
Other Income	118 351	426 717
Sundry income	772	-
Interest received	117 579	426 717
Total Revenue	5 893 750	6 985 424
EXPENDITURE		
Eenhana SHRINE Expenses – Construction costs	85 318	1 237 855
Eenhana SHRINE Expenses – Other expenses	-	10 377
Advertising and promotions	80 094	115 831
Air tickets/Air charters	21 299	-
Audit fees	-	52 211
Bank charges	58 723	86 064
Bus tickets	7 200	2 445
Cleaning	73 872	35 843
Computer expenses	8 638	19 451
Council and committee	143 970	20 970
Courier and postage	2 441	2 798
Depreciation	56 559	50 124
Electricity and water	276 564	760 867
Gas and fuel supply	17 867	22 227
Insurance	27 398	7 530
Interest paid	-	44
Miscellaneous and office equipment	69 240	-
Contingency and leave gratuity	89 641	-
Motor vehicle running costs	34 283	-
Office expenses	5 522	34 840
Printing and stationery	83 091	12 660
Protective clothing	63 340	2 772
Professional services	103 701	-
Balance carried forward	1 308 761	2 474 909

NATIONAL HERITAGE COUNCIL

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH (Continued)

	2010	2009
	N\$	N\$
Balance brought forward	1 308 761	2 474 909
Publications & periodicals	711	-
Renovation of houses and structures	352 978	265 142
Repairs and maintenance	24 688	276 129
Royalties	18 000	24 000
Site maintenance, repairs and operational costs	188 458	171 052
Salaries and wages	1 336 431	1 407 003
Housing / Car allowance	514 435	-
P A Y E	369 686	315 160
Overtime	150 491	2 626
Bonus / 13 th cheque	109 705	98 708
Pension / GIPF	264 410	269 476
Social Security Commission	17 435	28 389
Medical Aid Scheme	215 082	239 129
Security	9 327	3 270
Shares of income paid conservancies	2 341 517	-
Refuse removal	26 300	13 600
Training	259 193	98 177
Staff welfare	12 058	10 347
Telephone and fax	93 673	97 496
Subsistence & travelling	153 120	186 168
Vehicle lease costs	331 199	383 924
World Heritage Inauguration	25 358	-
Total expenses for the year	8 123 016	6 364 705
Surplus/(deficit) for the year	(2 229 266)	620 719